



global witness

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Global Witness Statement on American Petroleum Institute anti-transparency lawsuit at the EITI board meeting, Lusaka

Speaking at the international board meeting of the Extractive Industries Transparency Initiative (EITI) in Lusaka, Zambia, Global Witness condemned the American Petroleum Institute's (API) lawsuit that seeks to overturn US transparency laws, pointing out that suing to protect secrecy contradicts company claims to champion transparency through the EITI.

The 2 day meeting in the southern African republic, aimed at agreeing ways in which to broaden and strengthen the EITI, was chaired by former UK minister Claire Short, and included board members from implementing and supporting countries, civil society organisations, investors and major international oil companies involved in the lawsuit. The legal action calls for the removal of section 1504 of the Dodd Frank law that requires US listed extractive companies to publish payments they make to governments.

Corinna Gilfillan, Head of Global Witness U.S. office and EITI board member made the following statement to the board of the EITI:

“Civil society representatives look forward to a productive meeting. It is an important moment for EITI to take significant steps forward in broadening and strengthening our efforts to increase transparency and defeat corruption.

However our constituency which includes hundreds of civil society groups across the globe is extremely disappointed that companies are blocking EITI's progress by attempting to overturn transparency legislation that is highly complementary to EITI's objectives.

Unless we hear otherwise we assume that all the companies on the board - Shell, Exxon, BP, Statoil and Chevron are supporting the lawsuit launched by the American Petroleum Institute against the U.S. Securities and Exchange Commission (SEC) to overturn payment disclosure laws in the U.S.¹

Support for the anti-transparency lawsuit by companies sitting on the EITI board is incompatible with commitments made through the EITI.

We urge companies to publicly dissociate themselves from this lawsuit.

¹ Through conversations with oil company executives, we understand that Chevron, Exxon and Shell are supporting the API lawsuit against Section 1504 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. BP and Statoil were asked by the *Financial Times* whether they support the lawsuit and responded in the following way: “BP declined to comment, but referred the question to the API, and Statoil said it was not taking a position on the case, but opposed project-level disclosure.” (see *Financial Times* article, “Rift in push for oil industry transparency,” October 28th, 2012.) If companies that are members of the API say nothing about the lawsuit, then we conclude that they are in support of the suit. Global Witness is calling for all oil, gas and mining companies that are members of the API to issue a public statement on whether they support the lawsuit or dissociate themselves from the lawsuit.

Major oil companies are also lobbying to weaken similar legislation being discussed in the European Union (EU).

The U.S. and EU laws emerged in part due to EITI's success in demonstrating the value of revenue transparency. The laws compliment the EITI's valuable multi-stakeholder processes and will spread revenue transparency to non-EITI countries, some with endemic corruption problems.

The lawsuit explicitly uses the current weakness of the EITI standard to argue that the SEC rules are inappropriate. Companies will continue to block EITI's progress so they can use a weak EITI to fend off the scrutiny of mandatory reporting in the US and EU.

This tactic stands at odds with the aims of the EITI Strategy Review Process, and threatens our chances at constructive discussions.

However, it is widely recognised by governments and civil society that these mandatory disclosure requirements are complimentary and beneficial to the EITI process in all our countries, and that opposition to these can't be allowed to undermine our discussions here about EITI's much needed evolution.

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